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SUBJECT: USG PRESENTS ETHANOL COOPERATION STRATEGY TO BRAZIL'S MFA

BRASILIA 00001933 001.2 OF 002

¶1. (U) Greg Manuel of the Department of State and Sarah Ladislaw from the Department of Energy (DoE), accompanied by Matthew Golden and Morgan Perkins from Mission Brazil, met with the MFA's U/S Patriota and Minister Antonio Simoes, on September 5, to discuss bilateral, biofuel cooperation. The meeting provided Manuel and Ladislaw an opportunity to lay out the USG's global three-tiered biofuel strategy and to present options for future high-level meetings between the USG and GoB. On the flip side, the meeting revealed that the MFA is no longer responsible for the GoB's international biofuel policy and, moreover, that the GoB is reorganizing the government's biofuel hierarchy. The meeting was held on the margins of the Ethanol Forum meeting on September 5 (reported septel). End Summary

¶2. (U) Manuel opened the meeting by articulating the USG's plan for bilateral biofuel cooperation. The program is three-pronged and involves science and technology collaboration, third-market development (to catalyze production and scale) and the Global Ethanol Forum. He proceeded to identify third-market development targets in the Western Hemisphere, including Haiti, the Dominican Republic and St. Kitts in the Caribbean; Guatemala and El Salvador in Central America; and Colombia and Bolivia in South America. St. Kitts, he emphasized, due to the island's size, geography and existing infrastructure make it an ideal choice to create a successful pilot on which to base other third-market interventions. Following on this rationale, the Department, according to Manuel, split the choices regionally to maintain an independent focus and to keep from pinning success on any one region or any one country. In closing, Manuel underscored the urgency of the matter for the USG and noted the importance of obtaining a sense of commitment from Brazil at the earliest possible opportunity.

¶3. (U) Ladislaw then provided the background for the partnership's proposed S&T element. She explained that the DoE is one of the principal USG organizations in terms of biofuel R&D, and described the USG's desire to compare how the U.S. and Brazil approach both biofuel research and resource allocation. Ladislaw suggested utilizing the DoE-MME (Ministry of Mines and Energy) Energy Working Group to begin sharing technical data and further espoused the crossover with the NIST-INMETRO partnership to develop biofuel standards. Ladislaw noted that the DoE had already contacted the MME's Rubens Barbosa to find an appropriate date for the Energy Working Group to meet.

¶4. (SBU) Patriota responded noncommittally stating that the GoB would take these ideas under consideration. He also noted,

revealing a certain degree of caution, that the MFA would have to vet the proposals through the Casa Civil, which would affect the response. He clarified that the GoB's own interagency working group had met for the first time the previous Friday and was only just beginning to detail its list of activities. Patriota also let slip that Lula's Chief of Staff, Dilma Rousseff, is planning to reorganize the structure of the biofuel policy-making apparatus and would create a new Biofuel Council; although, the exact make-up was yet to be determined. Although this will affect the MFA's agenda, Patriota surmised that the GoB agrees, at least in concept, to the USG's proposed ideas; he emphasized the GoB's current ethanol development initiatives in Jamaica and Barbados.

¶15. (SBU) In terms of the countries Manuel identified, Patriota confirmed that Haiti is a huge priority for the GoB and, being open and frank, noted that Brazil would find it much easier to cooperate in Central America and the Caribbean than in South America. He explained that the myriad of South American regional integration activities and the resultant sensitivities involved would make it extremely difficult for Brazil to partner with the U.S. in the region. However, he proclaimed that Guatemala and St. Kitts would be well received, and believed that while El Salvador was not a GoB priority it was geopolitically benign. Simoes summed up that Brazil, like the U.S., would need to determine the countries it was interested in geopolitically, run feasibility studies to assess individual situations and then coordinate with the USG to determine what assets each country could bring to the table.

¶16. (U) In addition to the aforementioned themes, discussions also touched on high-level meeting opportunities. Both sides took note of the Rice-Amorim meeting scheduled for September 23 at UNGA. Manuel also presented U/S Shiner's desire to meet with Patriota sometime in October or November. The discussion also highlighted the need for the GoB to deconflict the Ethanol Forum with Italy's GBEP (Global Bioenergy Partnership). Patriota agreed that the GoB and GoI should work together to ensure that the Ethanol Forum and GBEP did not have competing agendas. He promised that the GoB would

BRASILIA 00001933 002.2 OF 002

raise the issue with Italy at the earliest opportunity. (Note: Earlier in the day, Simoes stated that Brazil had not been invited to join GBEP)

¶17. (SBU) Comment: The meeting provided two definitive outcomes. It clearly illustrated the MFA's interest in pursuing a cooperative, bilateral relationship with the USG to promote biofuels. Simultaneously, it demonstrated that Itamaraty is not in charge of Brazil's domestic or international biofuel policy. That responsibility lies with the Casa Civil and Dilma Rousseff. Future entreaties to cooperation and attempts to influence policy should include the Casa Civil. In the interim, despite pleas for an expeditious answer, it is extremely unlikely that the GoB will assent to cooperate prior to its October elections and, after these, until its biofuel policy matrix is organized. End Comment

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